

1 BALDWIN J. LEE (BAR NO. 187413)
E-Mail: blee@allenmatkins.com
2 ALEXANDER NESTOR (BAR NO. 202795)
E-Mail: anestor@allenmatkins.com
3 SEAN K. BLOKS (BAR NO. 345546)
E-Mail: sbloks@allenmatkins.com
4 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
5 Three Embarcadero Center, 12th Floor
San Francisco, California 94111-4074
6 Phone: (415) 837-1515
Fax: (415) 837-1516

Attorneys for Defendant
USI INSURANCE SERVICES LLC

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

12 USI INSURANCE SERVICES
13 LLC, a Delaware limited liability
company,

14 Plaintiff,

15 || VS.

16 ALLIANT INSURANCE SERVICES,
17 INC., a corporation; ERIC HARPER, an
individual, inclusive,

18 || Defendants.

| Case No.

COMPLAINT FOR:

- (1) BREACH OF DUTY OF LOYALTY;**
 - (2) AIDING AND ABETTING BREACH OF DUTY OF LOYALTY;**
 - (3) BREACH OF FIDUCIARY DUTY;**
 - (4) AIDING AND ABETTING BREACH OF FIDUCIARY DUTY;**
 - (5) INTENTIONAL INTERFERENCE WITH PROSPECTIVE ADVANTAGE;**
 - (6) UNFAIR COMPETITION (BUSINESS AND PROFESSION CODE SECTION 17200 *et seq.*)**

DEMAND FOR JURY TRIAL

1 Plaintiff USI Insurance Services LLC (“USI”) brings this Complaint against
 2 Defendants Alliant Insurance Services, Inc. (“Alliant”) and Eric Harper (“Harper”)
 3 (together “Defendants”), as follows:

4 **INTRODUCTION**

5 1. Alliant is currently engaged in a corporate raid of USI’s Irvine office.
 6 On January 23, 2023, Harper resigned without prior notice to USI, and seven USI
 7 employees who worked closely with him on several important client accounts also
 8 informed USI of their resignations without prior notice. Over the course of the next
 9 two days, five USI employees (in non-California offices), who worked on some of
 10 the same important client accounts as Harper, tendered their resignations without
 11 prior notice.

12 2. These abrupt and coordinated resignations were orchestrated by Alliant
 13 as part of a scheme to steal USI’s clients before USI could take steps to protect its
 14 business interests, including its client relationships and confidential information, and
 15 in concert with Harper, who acted contrary to his duties and obligations while still a
 16 USI employee. In conjunction with the coordinated resignations, Alliant promptly
 17 started contacting USI clients that the resigning employees had serviced at USI in
 18 order to induce those clients to terminate their economic relationships with USI and
 19 move their business to Alliant. The raid is part of a strategic course of action by
 20 Alliant designed and intended wrongfully to steal business from competitors rather
 21 than compete through lawful means.

22 **PARTIES**

23 3. USI is, and at all times herein mentioned was, qualified to do business
 24 in the State of California.

25 4. Defendant Alliant is a corporation registered to do business in
 26 California.

27 5. Defendant Eric Harper has, as set forth further below, engaged in an
 28 unlawful scheme of utilizing his position as a USI executive, to compete against and

1 harm USI while still bound by his duty of loyalty to USI. Defendant Eric Harper has
2 done this in his own interest, seeking to profit by harming USI and by moving USI
3 employees and USI clients to a competitor.

4 6. Defendant Eric Harper is an individual whom USI is informed and
5 believes, and on that basis alleges, resides in Corona Del Mar, California.

FEDERAL DIVERSITY JURISDICTION

7. USI is a Delaware limited liability company with its principal place of
8 business in New York.

9 8. Alliant is a corporation that is incorporated in California with its
10 principal place of business in California.

11 9. USI is informed and believes, and on that basis alleges, that Eric
12 Harper is a resident of California.

13 10. The amount in controversy in this case exceeds the jurisdictional
14 minimum, and amounts to millions of dollars.

GENERAL ALLEGATIONS

16 11. USI is an insurance brokerage company that provides comprehensive
17 risk management, insurance, and integrated financial solutions to its clients.

18 12. Defendant Harper served as Executive Vice President and Producer for
19 USI. In his roles, among other things, he managed employees, maintained the USI
20 clients he was entrusted by USI to service, helped bring in new USI clients, and
21 managed vendor relationships. Defendant Harper left this position on January 23,
22 2023. Defendant Harper has taken a position with Alliant, a competitor of USI.

23 13. In connection with the position and responsibilities entrusted to Harper,
24 USI placed the utmost trust and confidence in him to promote and insure the well-
25 being of USI's business, including, without limitation, the loyalty and well-being of
26 certain USI clients (the "USI Clients") and employees assigned to his team. USI also
27 provided Harper with critical access to confidential and proprietary contact and
28 strategic information regarding the USI Clients.

1 14. Prior to, and at the time of Harper's resignation, USI maintained
 2 economic relationships with the USI Clients to provide certain customized insurance
 3 and risk management services for each USI Client.

4 15. USI and the USI Clients customarily renewed these economic
 5 relationships.

6 16. Harper knew of these above-described economic relationships existing
 7 between USI and the USI Clients because, as part of his employment, he had critical
 8 access to and information about the USI Clients.

9 17. While Harper was still employed by USI, he breached his duty of
 10 loyalty and engaged in conduct to disrupt USI's business relationships with the USI
 11 Clients, including by taking actions to divert employees and client accounts with
 12 which they were entrusted by USI to a competitor and acting on behalf of the
 13 competitor and against the interests of USI, and by conspiring and coordinating,
 14 including with Alliant, together to carry out such acts.

15 18. Harper conspired to coordinate his team's departure from USI so as to
 16 create disruption in USI's business relationships with the USI Clients, including by
 17 leveraging his senior position to act in ways detrimental to USI and to further the
 18 interests of competitor Alliant. While Harper was still employed by USI, including
 19 holding a senior position, he breached his duty of loyalty and engaged in conduct to
 20 disrupt USI's business and operations and its ability to compete by taking various
 21 actions to encourage, entice, or influence USI employees to leave their employment.

22 19. Harper conspired with and was encouraged by Alliant in coordinating
 23 the mass departure of his team members, who submitted their immediate
 24 resignations following his departure.

25 20. Over the past several years, Alliant has been coordinating similar raids
 26 of competitor insurance brokerages that follow the same pattern of actions as alleged
 27 in this Complaint. They follow the same playbook by having employees act contrary
 28 to their duty of loyalty, including coordinating *en masse* resignations that disrupt the

1 competitors' operations in order to unfairly compete for and divert the competitors'
2 clients. As a result, Alliant and the insurance broker employees they have lured have
3 been named as defendants in a number of recent lawsuits around the United States.

4 21. Harper's breach of the duty of loyalty was designed to, and in fact did,
5 cause substantial injury regarding USI's business and employee relationships.

6 22. Harper continued to receive significant compensation and benefits from
7 USI during the time he was acting (including by conspiring and coordinating with
8 Alliant) to divert USI's business and employees to a competitor.

9 23. USI has been damaged, including without limitation in the sum of all
10 salary, other compensation, and employee benefits provided to Harper during the
11 time Harper was engaging in activities to divert business and employees from USI
12 and other activities against USI's interests, and in the loss of employment
13 relationships unlawfully solicited, business relationships and prospective business
14 relationships, and loss of goodwill from Harper's actions.

FIRST CAUSE OF ACTION

Breach of Duty of Loyalty

(Against Eric Harper)

18 24. USI restates and incorporates by reference Paragraphs 1 through 23
19 above, as though set forth in full herein.

20 25. Harper owed his employer USI a duty of loyalty, including regarding
21 the client accounts with which he was entrusted and the employees for which he was
22 responsible. Without limiting the scope of Harper's duty of loyalty, this duty also
23 includes the duties not to solicit, encourage or assist other USI employees to leave
24 USI; not to utilize confidential USI information to aid a competitor or harm USI; not
25 to solicit, encourage or assist the USI Clients to leave USI; and not to use USI
26 resources and assets to benefit the business of a competitor.

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1 26. For the USI Clients with which Harper was entrusted, as well as
 2 regarding USI employees, he acted in preference to his own business interests and in
 3 competition to USI's business interests.

4 27. In performing the aforementioned wrongful acts during his
 5 employment inimical to USI's best interests, Harper breached his duty of loyalty to
 6 USI.

7 28. Such breach has proximately caused damage and injury to USI in an
 8 amount to conform to proof at time of trial, but in no event less than the
 9 jurisdictional minimum of this Court, and at minimum millions of dollars.

10 29. USI is informed and believes and thereon alleges that while Harper was
 11 breaching his duty of loyalty as described herein, he was acting as Alliant's agent
 12 within the scope of his agency. Harper's acts or omissions were subject to Alliant's
 13 authorization, approval, direction, and/or ratification. Harper was aided and abetted
 14 by Alliant in the breach of his duty of loyalty, with whom he conspired to breach his
 15 duty of loyalty. Harper took acts in furtherance of that conspiracy for the benefit of
 16 all Defendants and to the detriment of USI. For each of these reasons, Alliant and
 17 Harper are jointly and severally liable for Harper's breaches and the damages and
 18 injuries caused to USI thereby.

19 30. USI is informed and believes and thereon alleges that Harper acted, as
 20 alleged above, with the intent to injure USI in its business and with the intent to
 21 appropriate business opportunities for himself. Such acts and omissions were done
 22 fraudulently, maliciously, and oppressively, and with wanton disregard of the rights
 23 of USI. Accordingly, USI is entitled to recover exemplary and punitive damages in a
 24 sum appropriate to punish Harper for his wrongful acts.

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SECOND CAUSE OF ACTION

Aiding and Abetting Breach of Duty of Loyalty (Against Alliant)

31. USI restates and incorporates by reference Paragraphs 1 through 30 above, as though set forth in full herein.

32. Harper breached his duty of loyalty owed to USI, as described above. At all relevant times herein, Harper acted on behalf of, and/or at the direction of, Alliant in connection with his breaches of such duty.

9 33. USI is informed and believes that Alliant knew that Harper was
10 breaching his duty of loyalty owed to USI, and provided substantial assistance and
11 encouragement to Harper by undertaking the herein alleged actions and inactions.

12 34. USI is informed and believes and thereon alleges that Alliant knew that
13 Harper was going to breach his duty of loyalty and directed, assisted, and
14 encouraged him to breach his duty, and ratified his breach. In the alternative, USI is
15 informed and believes and thereon alleges that Alliant and Harper entered into a
16 joint venture or, also in the alternative, a partnership, or, also in the alternative, a
17 conspiracy, to carry out the acts alleged in this Complaint, and agreed to share in
18 control of and the profits generated by that partnership or joint venture. In addition,
19 while Harper was breaching his duty of loyalty as described herein, he was acting as
20 Alliant's agent within the scope of his agency. Alliant authorized, approved,
21 directed, and/or ratified the acts and omissions of Harper. Alliant also aided and
22 abetted Harper in the breach of his duty of loyalty, and conspired with him to breach
23 his duty of loyalty and took acts in furtherance of those conspiracies for the benefit
24 of Defendants and to the detriment of USI. For each of these reasons, Alliant and
25 Harper are jointly and severally liable for the Harper's breach and the damages and
26 injuries caused to USI thereby.

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1 35. Alliant's conduct was a substantial factor in harming USI. As a result
2 of Alliant's aiding and abetting Harper's breach of his duty of loyalty, USI has
3 sustained monetary damage and injury in an amount to conform to proof at time of
4 trial, but in no event less than the jurisdictional minimum of this Court, and at
5 minimum millions of dollars.

6 36. USI is informed and believes and thereon alleges that Alliant acted as
7 alleged above with the intent to injure USI in its business and with the intent to
8 appropriate business opportunities for itself. Such acts and omissions were done
9 fraudulently, maliciously, and oppressively, and with wanton disregard of the rights
10 of USI. Accordingly, USI is entitled to recover exemplary and punitive damages in a
11 sum appropriate to punish Alliant for its wrongful acts.

THIRD CAUSE OF ACTION

Breach of Fiduciary Duty

(Against Eric Harper)

37. USI restates and incorporates by reference Paragraphs 1 through 36 above, as though set forth in full herein.

17 38. By virtue of the foregoing facts, including Harper's employment at
18 USI, the trust USI placed in Harper, and the confidential relationship between
19 Harper and USI, Harper owed USI fiduciary duties, including duties of loyalty and
20 duties of care. Those fiduciary duties required Harper to act in USI's best interests
21 while employed by USI and while receiving compensation from USI, and to
22 maintain the confidences of USI after leaving USI. Those fiduciary duties also
23 required Harper not to take any action to benefit any competitor of USI while still
24 employed by USI and while receiving compensation from USI. Without limiting the
25 scope of Harper's fiduciary duties, those duties included the duties not to solicit,
26 encourage or assist other USI employees to leave USI; not to utilize confidential
27 USI information to aid a competitor or harm USI; not to solicit, encourage or assist

1 the USI Clients to leave USI; and not to use USI resources and assets to benefit the
2 business of a competitor.

3 39. By engaging in the acts and omissions (including the conspiracy)
4 alleged in this Complaint, Harper breached his fiduciary duties to USI, including
5 duties of loyalty and care, by acting contrary to USI's interests, acting in the
6 interests of competitor Alliant, violating his duty of confidentiality, and/or by failing
7 to use due care.

8 40. Such breaches have proximately caused damage and injury to USI in an
9 amount to conform to proof at time of trial, but in no event less than the
10 jurisdictional minimum of this Court.

11 41. USI is informed and believes and thereon alleges that while Harper was
12 breaching his duty of loyalty as described herein, he was acting as Alliant's agent
13 within the scope of his agency. Harper's acts or omissions were subject to Alliant's
14 authorization, approval, direction, and/or ratification. Harper was aided and abetted
15 by Alliant in the breach of his duty of loyalty, with whom he conspired to breach his
16 duty of loyalty. Harper took acts in furtherance of that conspiracy for the benefit of
17 all Defendants and to the detriment of USI. For each of these reasons, Alliant and
18 Harper are jointly and severally liable for Harper's breaches and the damages and
19 injuries caused to USI thereby.

20 42. USI is informed and believes and thereon alleges that Harper acted, as
21 alleged above, with the intent to injure USI in its business and with the intent to
22 appropriate business opportunities for himself. Such acts and omissions were done
23 fraudulently, maliciously, and oppressively, and with wanton disregard of the rights
24 of USI. Accordingly, USI is entitled to recover exemplary and punitive damages in a
25 sum appropriate to punish Harper for his wrongful acts.

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FOURTH CAUSE OF ACTION

Aiding and Abetting Breach of Fiduciary Duty (Against Alliant)

43. USI restates and incorporates by reference Paragraphs 1 through 42 above, as though set forth in full herein.

44. Harper breached his fiduciary duties owed to USI, as described above. At all relevant times herein, Harper acted on behalf of, and/or at the direction of, Alliant in connection with his breach of such duties.

9 45. USI is informed and believes that Alliant knew that Harper was
10 breaching his fiduciary duties owed to USI, and provided substantial assistance and
11 encouragement to Harper by undertaking the herein alleged actions and inactions.

12 46. USI is informed and believes and thereon alleges that Alliant knew that
13 Harper was going to breach his duty of loyalty and directed, assisted, and
14 encouraged him to breach his duty, and ratified his breach. In the alternative, USI is
15 informed and believes and thereon alleges that Alliant and Harper entered into a
16 joint venture or, also in the alternative, a partnership, or, also in the alternative, a
17 conspiracy, to carry out the acts alleged in this Complaint, and agreed to share in
18 control of and the profits generated by that partnership or joint venture. In addition,
19 while Harper was breaching his duty of loyalty as described herein, he was acting as
20 Alliant's agent within the scope of his agency. Alliant authorized, approved,
21 directed, and/or ratified the acts and omissions of Harper. Alliant also aided and
22 abetted Harper in his breach of his duty of loyalty, and conspired with him to breach
23 his duty of loyalty and took acts in furtherance of those conspiracies for the benefit
24 of Defendants and to the detriment of USI. For each of these reasons, Alliant and
25 Harper are jointly and severally liable for the Harper's breach and the damages and
26 injuries caused to USI thereby.

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1 47. Alliant's conduct was a substantial factor in harming USI. As a result
2 of Alliant's aiding and abetting breaches of duties of loyalty, USI has sustained
3 monetary damage and injury in an amount to conform to proof at time of trial, but in
4 no event less than the jurisdictional minimum of this Court, and at minimum
5 millions of dollars.

6 48. USI is informed and believes and thereon alleges that Alliant acted as
7 alleged above with the intent to injure USI in its business and with the intent to
8 appropriate business opportunities for itself. Such acts and omissions were done
9 fraudulently, maliciously, and oppressively, and with wanton disregard of the rights
10 of USI. Accordingly, USI is entitled to recover exemplary and punitive damages in a
11 sum appropriate to punish Alliant for its wrongful acts.

FIFTH CAUSE OF ACTION

Intentional Interference with Prospective Economic Advantage (Against All Defendants)

15 49. USI restates and incorporates by reference Paragraphs 1 through 48
16 above, as though set forth in full herein.

17 50. USI entrusted Harper with accounts for which USI had existing
18 economic relationships with the USI Clients relating to providing insurance
19 services. USI also entrusted Harper with valuable economic relationships with USI
20 employees, including employees under the supervision of Harper.

21 51. Defendants knew of these economic relationships existing between USI
22 and the USI Clients entrusted to Harper as a USI employee. Defendants also knew
23 of USI's economic relationships with its employees under the supervision of Harper.

24 52. With the assistance and encouragement of Alliant, Harper engaged in
25 the aforementioned conduct to divert the USI Clients to a competitor and to disrupt
26 USI's existing economic relationships with the USI Clients and USI employees, for
27 his own benefit and to the detriment of USI, with the intent to harm USI financially
28 and to induce the USI Clients and USI employees to terminate and/or sever their

1 relationships with USI. Harper, with the assistance and encouragement of Alliant,
 2 cooperated in and benefited from the improper actions by each of Harper to divert
 3 USI Clients while Harper was still employed by USI.

4 53. Defendants knowingly and willfully conspired among themselves to
 5 divert USI business and employees while Harper was still employed by USI.
 6 Defendants committed the acts alleged herein pursuant to, and in furtherance of the
 7 conspiracy, providing cooperation, aid, encouragement and/or ratification of his acts
 8 through the end of Harper's employment.

9 54. As a result of Defendants' conduct, the USI Clients terminated their
 10 relationships with USI and transferred their business to a competitor. As a result of
 11 Defendants' conduct, USI employees were unlawfully solicited to and did leave USI
 12 and join a competitor.

13 55. As a proximate result of Defendants' conduct (including their
 14 conspiracy) and the USI Clients' termination of their business relationships with
 15 USI and transfer of business to a competitor, USI has suffered damages and injury
 16 in an amount to conform to proof at time of trial, but in no event less than the
 17 jurisdictional minimum of this Court.

18 56. USI is informed and believes and thereon alleges that the
 19 aforementioned acts of Defendants were willful, fraudulent, malicious and
 20 oppressive, and with wanton disregard of the rights of USI. Accordingly, USI is
 21 entitled to recover exemplary and punitive damages in a sum appropriate to punish
 22 Defendants for their acts.

SIXTH CAUSE OF ACTION

Unfair Competition Pursuant to Business and Professions Code § 17200 *et seq.*

(Against All Defendants)

26 57. USI restates and incorporates by reference Paragraphs 1 through 56
 27 above, although set forth in full herein.

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1 58. Defendants engaged in the aforementioned wrongful conduct
 2 deliberately and willfully to give themselves an unfair advantage in diverting the
 3 USI Clients and USI employees to a competitor and with the intent to harm USI
 4 financially and to induce the USI Clients and USI employees to terminate and/or
 5 sever their economic relationships with USI.

6 59. Defendants knowingly and willfully conspired among themselves to
 7 divert the USI Clients and USI employees while Harper was still employed by USI.
 8 Defendants committed the acts alleged herein pursuant to, and in furtherance of the
 9 conspiracy, providing cooperation, aid, encouragement and/or ratification of
 10 Harper's acts through the end of Harper's employment.

11 60. As a direct, proximate, and foreseeable result of Defendants' wrongful
 12 conduct, as alleged above, USI lost valuable relationships, prospective relationships
 13 and goodwill with the USI Clients and USI employees. USI is entitled to relief,
 14 including full restitution and/or disgorgement of all revenues, earnings, profits,
 15 compensation, and benefits that may have been obtained by Defendants as a result
 16 of such unfair business acts.

17 61. Defendants' acts as alleged above are acts of unfair competition within
 18 the meaning of Business and Professions Code Section 17200 *et seq.*

19 WHEREFORE, USI prays for judgment against Defendants, and such other
 20 relief as follows:

- 21 1. Compensatory and consequential damages;
- 22 2. Exemplary and punitive damages;
- 23 3. For an accounting of all wrongfully acquired revenues by Defendants;
- 24 4. For restitution and/or disgorgement to USI of all sums unlawfully
 25 obtained by Defendants as a result of their unfair business practices;
- 26 5. For interest on these sums at the legal rate;
- 27 6. Costs of suit incurred;
- 28 7. Such other and further relief as the Court may deem just and proper.

1 Dated: January 27, 2023

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

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3 By: 
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BALDWIN J. LEE
ALEXANDER NESTOR
SEAN K. BLOKS
Attorneys for Defendant
USI INSURANCE SERVICES LLC

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